

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, APRIL 11, 2017
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING:	Jack Basso Katherine Bays Armstrong (via phone) John Von Paris
STAFF ATTENDING:	Shamika Bentford Kerry Brandt Joyce Diepold Jaclyn Hartman Amanda Hendricks Meshelle Howard Cheryl Jordan Cheryl Lewis-Orr Jessica Mettle Kimberly Millender, Esq. Deb Sharpless Chris Thompson Alison Williams
OTHERS ATTENDING:	CJ Santos – McKennon Shelton & Henn LLC Paul Shelton – McKennon Shelton & Henn LLC

At 9:00 a.m., Member Jack Basso, Chair of the Finance Committee, called the Finance Committee Meeting to order.

Approval – Open Meeting Minutes from February 15, 2017 Meeting

Member Basso called for the approval of the meeting minutes from the meeting held on February 15, 2017. Member John Von Paris made the motion to approve the minutes, Member Katherine Bays Armstrong seconded the motion, and the motion was passed unanimously.

Approval – Board Resolution 17-03 – GARVEE Refunding

Ms. Jaclyn Hartman advised that a refunding opportunity exists for the Grant and Revenue Anticipation (GARVEE) bonds issued in 2007 and that staff has been working closely with staff from the Maryland Department of Transportation on the potential refunding. Ms. Alison Williams presented MDTA Board Resolution 17-03 to authorize the issuance of the GARVEE Refunding Bonds Series 2017 (2017 Refunding Bonds), or the pursuit of other financing options subject to certain conditions. Ms. Williams requested a recommendation for approval from the Finance Committee to the full Board at its next meeting.

Ms. Williams and Mr. Paul Shelton (McKennon Shelton & Henn LLC) advised that Resolution 17-03 authorizes the MDTA to issue the 2017 Refunding Bonds to take advantage of favorable market conditions to refund (refinance) the Series 2007 and Series 2008 GARVEE bonds for debt service savings. There are presently \$67.150 million in outstanding 2007 bonds and \$48.865 million in 2008 bonds. The 2007 GARVEEs may be called at par at any time (current refunding), but the 2008 GARVEEs are not callable until March 1, 2019 (advanced refunding). The funding of reserve funds and issuance costs is also authorized, along with the possible use of some cash to improve savings.

The Executive Director and CFO have the authority to manage the bond sale and closing, including the awarding of the 2017 Refunding Bonds to the successful underwriting firm(s) or negotiate the terms of a private placement or cash defeasance with favorable loan repayment terms; the selection of other service providers; and the preparation and execution of all closing documents, certificates, and bond forms.

Resolution 17-03 has certain conditions that must be met, including: par amount issued cannot exceed \$116.0 million; net present value savings of not less than three percent in aggregate; the final maturity date may not be later than the final maturity date of the existing bonds to comply with tax regulations; the bond sale date must occur by October 31, 2017; and the bond sale results must be reported to the Board at the first Board meeting after the sale date.

Member Basso called for the approval of Resolution 17-03. Member Von Paris made the motion to approve Resolution 17-03, Member Armstrong seconded the motion, and the motion was passed unanimously.

Update – SV 3024-000, Financial Audit Services

Ms. Hartman briefed the Finance Committee on Contract SV 3024-0000, Financial Audit Services. The scope of services for this contract requires a licensed Maryland certified public accounting firm to perform/provide, including but not limited to, the following: annual financial statement audit; the comprehensive annual financial report audit; the annual SSAE-18 report on the electronic tolling system (E-ZPass); the Uniform Grant Guidance, subpart F (Single Audit); the Federal Highway Administration Section 129 Loan Attestation Report for the Fort McHenry

Tunnel, the I-95 Express Toll Lanes, and the Intercounty Connector; and guidance concerning the implementation of new Governmental Accounting Standards Board pronouncements that require implementation by the MDTA.

This contract was solicited as a task order request for proposals (TORFP) under the Maryland Department of Budget and Management's (DBM) Statewide Master Contract. As this was a TORFP on a Statewide Master Contract, MDTA Board approval is not required. The TORFP was advertised with a 30 percent Minority Business Enterprise (MBE) participation goal, with MBE sub goals of 7 percent African American, 4 percent Asian, and 12 percent Women. In addition, there was a Veteran Small Business Enterprise participation goal of 5 percent. Direct solicitation by the DBM Procurement Officer was conducted to the approved Master Contractors via electronic correspondence to 17 firms.

Three companies bid on the work. As stated in the TORFP, the Evaluation Committee gave equal weight to Technical and Financial factors. There were no significant differences in demonstrated Technical ability to perform these services between the first and second technically ranked firms, and the first technically ranked firm's Financial Offer was \$163,867.19 higher; therefore, the Committee could not justify this difference in price between these firms. SB & Company, a certified MBE firm, was selected for award of a three year contract with a not-to-exceed price of \$274,707.81. Notice to proceed was granted on March 31, 2017.

Update – 3rd Quarter Operating Budget vs Actual

Ms. Chris Thompson briefed the Committee on the status of year-to-date spending compared to the FY 2017 Operating Budget. As of March 31, 2017, 62% of the budget has been spent as compared to the targeted spending level of 70%. Two responsibility centers (RC) exceed expected spending levels by more than 5 percent. Comptroller's Object 13 – Fixed Charges exceeds expected spending levels by more than 5 percent. All other RCs and Comptroller's Objects are at or below expected spending.

Update – Quarterly Update on the Finance Division

Ms. Hartman provided a quarterly update on the status of the Finance Division's personnel and division goals. The Finance Division continues to make progress on its fiscal year goals to implement succession development strategies, implement contract manager training, develop requirements for an automated budget system, and review the process for reviewing and paying invoices to identify potential time-savings and efficiencies.

The Members commended efforts on succession development planning and the creation of a Finance Development Academy to help grow and retain employees.

Update – Traffic and Revenue

Ms. Cheryl Lewis-Orr noted that system-wide toll revenue for the month ending March 31, 2017, was \$54.7 million and fiscal year-to-date revenue was \$497.6 million. When comparing fiscal year-to-date system-wide toll revenues to the Base Case revenue forecast, system-wide toll revenues exceed the forecast by \$7.7 million, or 1.6%.

System-wide transactions for the month ending March 31, 2017, were 13.2 million and fiscal year-to-date transactions were 121.3 million. When comparing fiscal year-to-date system-wide transactions to the Base Case transaction forecast, system-wide transactions exceed the forecast by 1.5 million, or 1.3%.

There being no further business, the meeting of the Finance Committee adjourned at 9:35 a.m., following a motion by Member Von Paris, and seconded by Member Armstrong.